



LEGISLATIVE UPDATE

June 26, 2015

The House voted unanimously on Tuesday to reject the Senate's budget proposal. This vote is largely procedural to put the bill in a conference committee that will negotiate and resolve the differences between the two Chambers. A protracted conference is expected, as there are many glaring differences to reconcile. To learn more about each budget proposal and differences between them, please see analysis from DPI's [Financial and Business Services](#) and the General Assembly's [Fiscal Research](#) Division. There was some excitement at the end of the week as it initially appeared that leadership had reached agreement on a Continuing Resolution (CR), which authorizes funding for state operations until a final budget can be agreed upon, but no measure was brought to the floor. The House recessed twice with the anticipation of a forthcoming resolution. However, by 3:00 p.m. each Chamber had adjourned until Monday with no CR. It is anticipated that the General Assembly will adopt a CR by Monday or Tuesday of next week.

Tuesday, June 30, marks the end of the fiscal year and it is certain that no budget will be adopted by Tuesday. As such, a CR will be used to fund key items and core government functions. Historically, a CR will:

- Use the largest proposed cut on particular line items in both budget proposals.
- Include some already agreed-to items in the vying budget proposals (i.e., funding for student enrollment growth).
- Put into place some agreed-to reductions or remove non-recurring funding.

There have been many questions by teachers and other state employees regarding the differences on certain key benefits provisions between the House and Senate budgets. Here is a simple chart summarizing some of the key differences:

Benefits Section (Not exhaustive)	Issue	House	Senate
30.20(b) & (c)	Employer Contributions	Retirement: 15.67% Health: \$5,479 (Non-Medicare)	Retirement: 15.21% Health: \$5,378 (Non-Medicare)
30.21	COLA (Cost of Living Adjustment)	2% increase.	No increase.
30.25	Rehired Retirees maintaining their regular State Health Plan coverage (e.g., full-time substitute teachers)	Department of State Treasurer would reimburse the employing unit for the cost to cover such rehired retirees.	Employing unit (e.g., LEA) pays the cost.

30.29	Interest Rate Assumption	No change.	Lowers rate from 7.25% to 7.20% and an additional .05% each year after that, affecting the calculation of the employer contribution rate.
30.30	Creditable Service while on Educational Leave	No change.	Adds restrictions: 1) Employee must be in pursuit of a degree; 2) Leave must be unpaid; and 3) Leave cannot be used to benefit certain professional organizations (e.g., NCAE).
30.30A	Qualified Excess Benefits Arrangement (QEBA)	No change.	Extends the sunset to participate in the QEBA from January 1, 2015 to August 1, 2016.
30.32	Retiree Medical Coverage	No change.	Eliminates for those first hired on/after January 1, 2016.

Other Education News This Week:

On Tuesday, a motion was filed on behalf of General Assembly leadership in *Hart v. State*, otherwise known as the "School Voucher Case." The motion requests the State Supreme Court to order distribution of scholarship funds to approximately 1,100 students who already received tuition under the Opportunity Scholarship program in 2014-15. The brief also argues that over 97% of the students participating in the program wish to stay at their private schools, but cannot be assured they will receive timely payment or be allowed to continue in the program. In December, the court ruled that preparation for the program could continue for the 2015-16 school year, but no funding could be distributed without an express order from the court. The State Supreme Court is not scheduled to release the next set of opinions until August 21, 2015, which is after the start of school for some. For more details, please read the relevant court [document](#).

Relevant Bills in Committee This Week:

HB 255 Building Code Regulations Reform

On Wednesday, the Senate Committee on Agriculture, Environment, and Natural Resources amended and approved HB 255. The Senate further amended and passed it on Thursday. It will now go back to the House for a vote on Senate changes. The bill would conform work in

progress inspection authority to recently enacted inspection limitations in G.S. 153A-352(b) and G.S. 160A-412(b). It would require the NC Building Code Council to study alternative approval methods. The bill clarifies the definition of “official misconduct for code officials.” The Building Code Council would be required to post decisions on the NC Department of Insurance website within three days of issuance. Inspection fees collected by cities and counties would only be able to be used in support of the inspection department. Finally, the bill would require inspections to be performed in full in a timely matter and inspection reports to include all items failing to meet code requirements.

[HB 561](#) School System Authority Regarding Legal Proceedings

On Thursday, the Senate Judiciary II Committee approved HB 561. It is now referred to the Senate Committee on Education/Higher Education. This bill would modify LEA authority in quasi-judicial proceedings where document production and subpoenas are involved. Current law provides that information contained in a personnel file, with few exceptions, is confidential and open only to certain authorized individuals/entities under G.S. 115C-321(a). This bill would allow state or federal administrative agencies with quasi-judicial functions and any court of law to access personnel records to defend against a claim filed by a current or former employee against a local board of education or other school employee for any alleged act or omission committed in the course of official duties. Disclosure would be limited only to the extent necessary for the board’s defense.

Additionally, current law allows local boards to subpoena witnesses. HB 561, under G.S. 115C-45(a), would further allow local boards to issue subpoenas for the production of tangible things including, but not limited to, documents, papers, letters, maps, books, photographs, films, sound recordings, magnetic or other tapes, electronic communications, electronic data-processing records, artifacts, or other documentary material in matters where an employee is suspected of job-related misconduct requiring investigation.

[HB 669](#) Juvenile Law Changes/Abuse/Neglect/Dependency

On Thursday, the Senate Judiciary II Committee approved HB 669. The committee amended the bill to provide that a director of a county department of social services may arrange for testing and evaluation for a juvenile in exigent circumstances, such as abuse, torture or extreme neglect. Overall, this bill makes numerous reforms to the process of entering a child into non-secure custody and the foster care system. The bill allows an ex parte order for non-secure custody and would have the court order a child to be placed in the custody of the closest familial relative before the county social services or the foster care system, unless there are exigent circumstances of extreme abuse or neglect. The bill would also allow courts to order medical treatment and mental health services, makes changes to decisions made on behalf of juveniles in the custody of county social services, and makes changes to planned permanent living arrangements.

[SB 545](#) Workforce Enrichment Veterans

On Thursday, the House Committee on Homeland Security, Military, and Veteran Affairs approved SB 545. It is on the House calendar for Monday, June 29. The bill would make it easier for active military, veterans, and their spouses to receive occupational licenses in their field of expertise. It would allow applicants to receive licensure or certification if

proper documentation demonstrating certification or experience in the relevant field is presented and the applicant can pass a proficiency examination. For the purposes of this bill, the SBE is considered an occupational licensing board and the provisions would apply to teacher and teacher assistant licensing.

Relevant Bills on the Floor This Week:

[SB 423](#) Foster Care Family Act

On Tuesday, the Senate concurred with House changes to SB 423, and it was sent to the Governor's desk yesterday. The bill will align state and federal law through implementation of a "reasonable and prudent parent" standard for decisions made by a foster parent. It revises laws pertaining to abuse, neglect, and dependency regarding juvenile placement under the juvenile code. It will provide liability insurance for foster parents, reduce barriers for foster children to obtain a drivers license, and clarify that foster parents are not violating financial responsibility requirements by allowing foster children with their own insurance coverage to operate a vehicle owned by the foster parents. It will also require the Department of Health and Human Services (DHHS) to study a Medicaid waiver for children with serious emotional disturbance.

[SB 578](#) Transition Certain Abuse Investigations/DCDEE

On Tuesday, the Senate concurred with House changes to SB 578, and it was sent to the Governor's desk yesterday. The bill assigns authority for conducting abuse and neglect investigations in childcare facilities to the DHHS, Division of Child Development and Early Education. Currently, such investigations are under the purview of county level departments of social services. Any public school program licensed by the Division of Child Development and Early Education and facing an abuse and neglect investigation would be subject to this amended process.

Other Bills with Action This Week:

[HB 86](#) Utility Line Relocation/School Board

- Signed by Governor on 6/24
- S.L. 2015-111

[HB 154](#) Local Governments in State Health Plan

- Signed by Governor on 6/24
- S.L. 2015-112

[HB 383](#) Clarify Statutory Scheme on Sex Offenses

- Withdrawn from Senate Committee on Rules and Operations
- Referred to Senate Judiciary II Committee

[HB 812](#) Grant Recipients Posted on Grantor Website

- Signed by Governor on 6/24
- S.L. 2015-114

[SB 333](#) Teacher Transition Data

- Senate adopted Conference Report
- Presented to Governor on 6/25

Meetings Next Week (June 29-July 3):

Tuesday, June 30

8:30 a.m. House Committee on Education Appropriations

- Review of Senate budget proposal

Wednesday, July 1

8:30 a.m. House Committee on Education Appropriations

- Review of Senate budget proposal

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